



The President's Daily Brief

May 7, 1974

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THE PRESIDENT'S DAILY BRIEF

May 7, 1974

PRINCIPAL DEVELOPMENTS

Finance Minister Helmut Schmidt is the best bet to succeed Chancellor Brandt when parliament meets to elect a new chancellor. (Page 1)

Fighting on the Golan front yesterday was more intense than it was over the weekend. (Page 2)

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The Soviets appear to be tightening the screws on President Sadat by halting arms shipments to Egypt. (Page 3)

[REDACTED] the Soviets are continuing to modernize SS-11 silos. (Page 4)

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The Indian Government has decided to risk a showdown with the militant railway unions over the rail strike scheduled to begin on Wednesday. (Page 5)

Insurgent leaders in Portuguese Africa are not likely to accept Lisbon's offer of a cease-fire; some have already rejected it. (Page 6)

Notes on the USSR, Czechoslovakia, Tunisia-Egypt, and China - North Vietnam appear on Page 7.

FOR THE PRESIDENT ONLY

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WEST GERMANY

West German Chancellor Brandt, in his letter of resignation last night, requested that his deputy, Foreign Minister Walter Scheel, be named to head the government until the Bundestag can elect a new chancellor.

The best bet to replace Brandt as chancellor is Finance Minister Helmut Schmidt. He is a member of the moderate wing of the Social Democratic Party and would be acceptable to the coalition's smaller member, the Free Democratic Party. Despite periods of friction with Brandt, Schmidt has long been considered Brandt's number one minister and heir-apparent.

Schmidt is a dynamic politician and has stirred controversy in his party. He is nonetheless popular with the electorate and is an excellent public speaker. It will be these qualities that the Social Democrats hope will give them the much needed boost in the state elections in Lower Saxony on June 9.

Brandt's resignation came just when the Social Democrats seemed to have halted the trend against them at the polls. In the Saarland communal and county elections on Sunday, the party managed to improve its showing slightly after a series of setbacks in state and local elections during the last two months.

Brandt is expected to stay on as chairman of the Social Democratic Party. He is the only man with enough prestige and authority to hold the party's widely divergent factions together.

The US Embassy in Bonn reports that Scheel intends to remain foreign minister and head of the Free Democratic Party instead of going through with his previously announced plans to seek the office of federal president at the assembly session next week. The embassy adds that President Heinemann may now be persuaded to seek re-election.

The embassy believes that the principal victims of the Guillaume affair, apart from Brandt, may be Interior Minister Genscher and at least one high security officer. Genscher had been tapped as Scheel's replacement to head the Free Democrats and as foreign minister.

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ISRAEL-SYRIA

Fighting on the Golan front yesterday was more intense than it was over the weekend. Israeli aircraft attacked Syrian positions south of the Israeli salient, while Syrian planes struck targets inside the salient.

[REDACTED] The Syrians claim they shot down four Israeli aircraft; Tel Aviv says it downed one Syrian plane. [REDACTED]

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[REDACTED] neither side has admitted losses.

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Tanks and artillery units exchanged fire in several sectors of the front.

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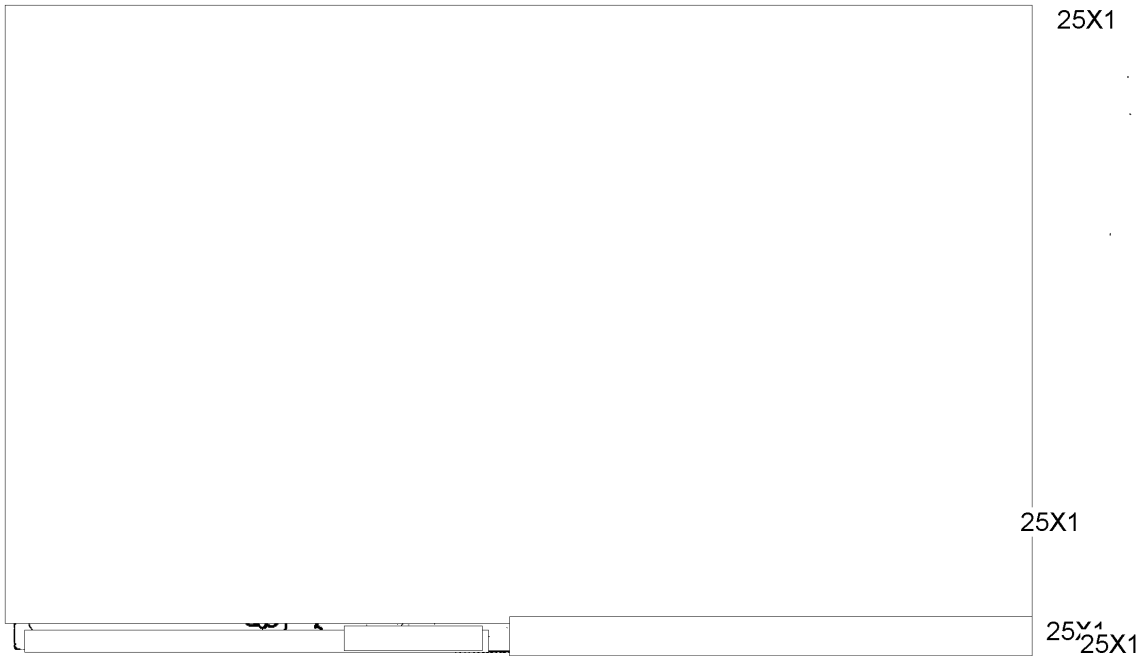
USSR-EGYPT

The Soviets are tightening the screws on President Sadat by halting all arms shipments to Egypt. Soviet military shipments had begun to slow down in March, and only two deliveries were made in early April. The last seaborne arms shipment arrived in Alexandria over three weeks ago--a longer interval than any in recent years.

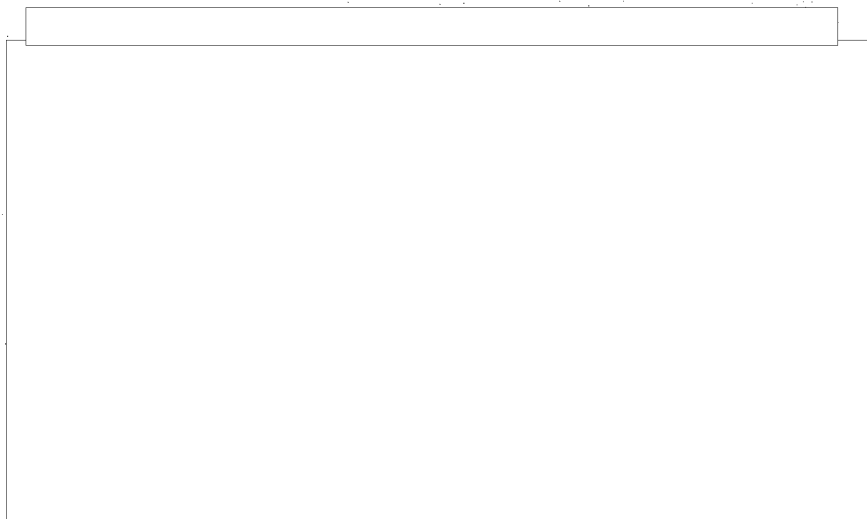
The Kremlin apparently decided in late March or early April to hold back military shipments, perhaps in response to Sadat's intense anti-Soviet polemics that began at that time.

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During the past few weeks, Sadat has muted his anti-Soviet line, and he and Brezhnev have exchanged letters discussing their differences. It nonetheless seems likely that the Soviets will continue their foot-dragging on military aid, although they may send token shipments. The senior Soviet military attaché in Cairo recently said that Moscow will keep a tight rein on aid, in the expectation that Cairo will find the West unresponsive and thus realize that Egypt must depend on Moscow for support. The Soviets also may hope that their military aid policies will trigger serious misgivings within the Egyptian military about the consequences of Sadat's present policies.



USSR



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INDIA

The government has decided to risk a showdown with the militant railway unions over the rail strike scheduled to begin on Wednesday. The army has been called out to guard, and possibly run, key rail lines in order to keep essential freight moving.

The government and the unions are now at an impasse on negotiations. The unions refuse to continue talks unless arrested union leaders are released unconditionally. The government will not negotiate unless the unions call off the strike.

Although some of the rail unions may not participate, the large federation of communist and socialist unions has issued its "final bugle call" for the strike. This organization represents more than one third of the 1.7 million rail employees.

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PORTUGUESE AFRICA

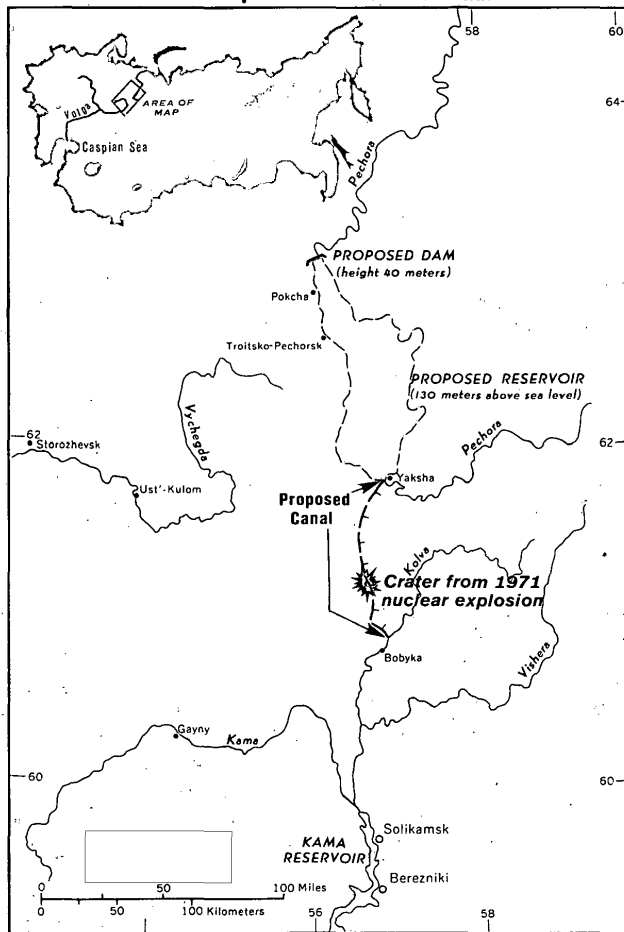
General Costa Gomes, armed forces chief of staff, has offered a cease-fire to the insurgents in Portugal's African territories. He said that the insurgent organizations will be permitted to participate in political "dialogue" with Lisbon if they stop fighting. He challenged the insurgents to come out into the open and prove their long-held claims of popular support.

Insurgent leaders will give the offer serious thought, but are unlikely to accept it unless Lisbon agrees to negotiations leading to eventual independence. Indeed, two major insurgent groups in public statements yesterday rejected Costa Gomes' offer to negotiate.

Some insurgent leaders are under heavy pressure from militant wings in their organizations to reject the new government's program for a political settlement in Africa as nothing more than continued Portuguese hegemony under a different guise. Some insurgent groups are aware that their overstated claims of public support and territorial control would be exposed if they took part in open political activity.

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Soviets Plan Nuclear Explosion to Excavate Canal



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NOTES

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USSR: The Soviets may be preparing for another nuclear explosion in connection with the 112-kilometer canal they are constructing to connect the Pechora and Kama rivers. [REDACTED]

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[REDACTED] increased activity on the proposed route of the canal just south of the crater that was created by a nuclear explosion in March 1971. [REDACTED]

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Czechoslovakia: President Svoboda is gravely ill, and Czech leaders are mulling over who should replace him. [REDACTED] some members opposed to party chief Husak want to kick him upstairs to the presidency--a step that would require Moscow's approval. These members reportedly would like to make Antonin Kapek, a hard-liner even by Czechoslovak standards, leader of the party. If Husak is not forced to take the presidency, the most likely candidates would seem to be Federal Assembly President Alois Indra and Prime Minister Strougal.

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Tunisia-Egypt: [REDACTED]

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China - North Vietnam [REDACTED]

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